

# **Q1 FY03/2020 Supplementary Materials for Consolidated Financial Results**

**July 30,2019**

**Dream Incubator Inc.**

**(Stock Code: 4310)**

The logo consists of the letters 'DI' in a white, serif font, centered within a solid blue square.

**DI**

- 1. Q1 FY03/2020 Financial Results Summary**
- 2. Net Asset Value (NAV)**

# Q1 FY03/2019 Consolidated P&L

(Before Insurance Item Adjustments)

(JPYbn)

	Q1 FY03/2019	Q1 FY03/2020	YoY change	
			Amount	Percentage
Sales	5.43	5.21	-0.21	-4.0%
Gross profit	2.38	2.39	+0.00	+0.2%
Operating profit	0.20	-0.10	-0.30	—
Recurring profit	0.27	-0.10	-0.38	—
Net income attributable to parent company shareholders	0.43	-0.01	-0.45	—

# Adjusted Insurance Accounting Items and Amounts

(JPYbn)

	Q1 FY03/2019	Q1 FY03/2020
<b>Unadjusted gross profit (consolidated)</b>	<b>2.38</b>	<b>2.39</b>
<ul style="list-style-type: none"> <li>● <b>Adjustment related to ordinary underwriting reserves*</b></li> <li>● <b>Catastrophe reserve provision**</b></li> </ul>	<ul style="list-style-type: none"> <li style="text-align: center;">-0.02</li> <li style="text-align: center;">+0.11</li> </ul>	<ul style="list-style-type: none"> <li style="text-align: center;">+0.07</li> <li style="text-align: center;">+0.13</li> </ul>
<b>Total adjustments</b>	<b>+0.09</b>	<b>+0.20</b>
<b>Adjusted gross profit (consolidated)</b>	<b>2.47</b>	<b>2.60</b>

\* Adjustment to revise the ordinary underwriting reserve calculation from the initial year balance method to the unearned premium method

\*\* Excludes the impact of transferred provision amount (negative if reversed)

# FY03/2019 Consolidated P&L

(After Insurance Item Adjustments)

(JPYbn)

	Q1 FY03/2019	Q1 FY03/2020	YoY change	
			Amount	Percentage
Sales	5.43	5.21	-0.21	-4.0%
Gross profit	2.47	2.60	+0.12	+4.9%
Operating profit	0.29	0.10	-0.19	-65.1%
Recurring profit	0.36	0.10	-0.26	-72.3%
Net income attributable to parent company shareholders	0.16	0.06	-0.09	-58.7%

Note: Amounts affected by adjustments for insurance items are displayed in blue font

# FY03/2019 P&L by Business Field

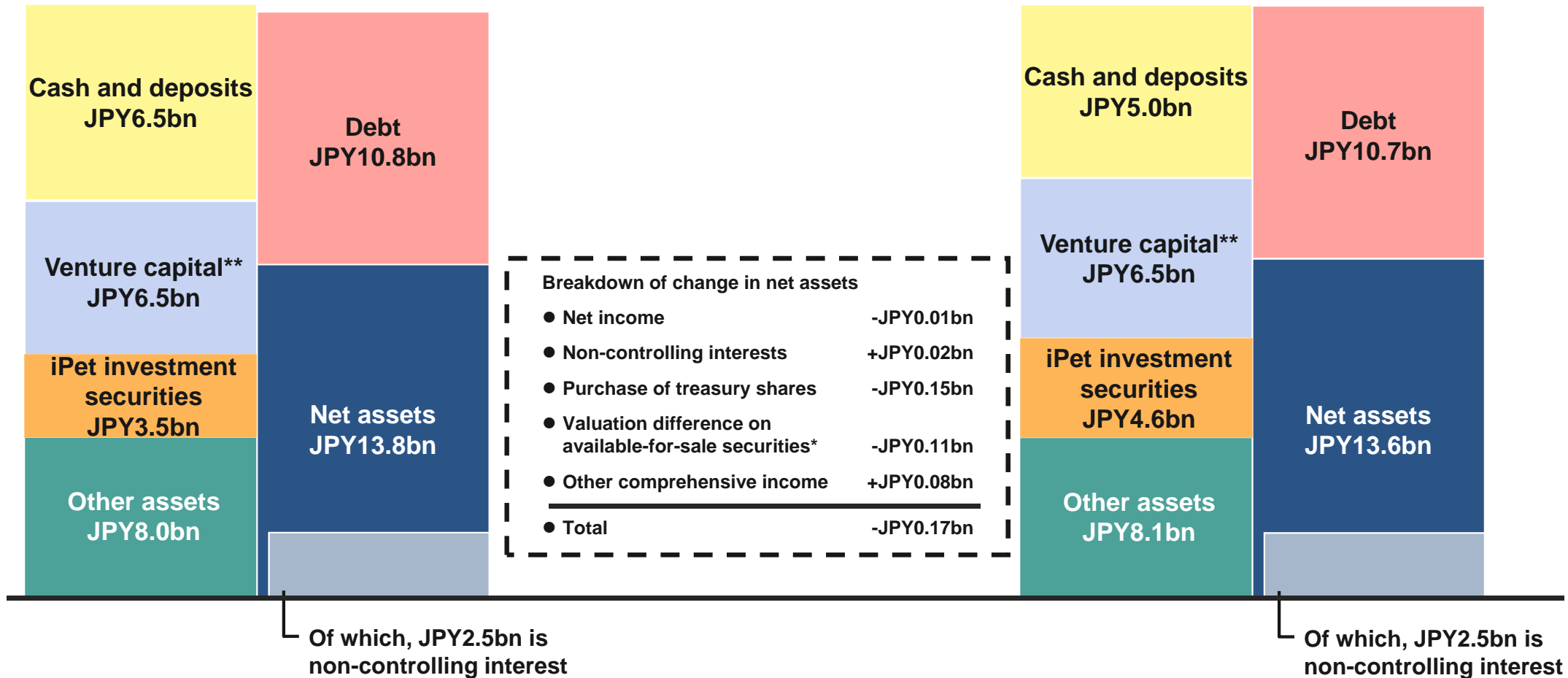
(JPYbn)			Q1 FY03/2019	Q1 FY03/2020	YoY change
Venture Capital segment	● Sales		1.47	0.25	-82.9%
	● Recurring profit		0.29	0.05	-81.9%
Professional Services segment	● Sales		0.51	0.57	+12.1%
	● Recurring profit		-0.12	-0.11	—
Business Investment	Insurance segment	● Sales	3.44	4.19	+21.9%
		● Recurring profit*	0.19	0.19	+1.0%
	Other segment (WSL)	● Sales	—	0.19	—
		● Recurring profit	—	-0.03	—

Note : Recurring profit : Segment profit - HQ cost ± Non-operating profit and loss  
 \* Factors in consolidated goodwill amortization; adjusted for accounting items

# Q1 FY03/2020 Consolidated Balance Sheet

**March 31, 2019**  
**(Total assets: JPY24.7bn)**

**June 30, 2019**  
**(Total assets: JPY24.3bn)**



Off-balance-sheet assets:  
 Approx. JPY8.0bn  
 (iPet unrealized gains)

\* Impact of exchange rate fluctuations on available-for-sale securities denominated in foreign currencies, etc.  
 \*\* Includes post-IPO

# **1. Q1 FY03/2020 Financial Results Summary**

## **2. Net Asset Value (NAV)**



# NAV in FY03/2020

(JPYbn)

**March 31, 2019**

**June 30, 2019**

**Forecast for March 31, 2020 at start of fiscal year**

**Total: 35.0**

**Total: 30.1**  
(JPY2,926 per share)

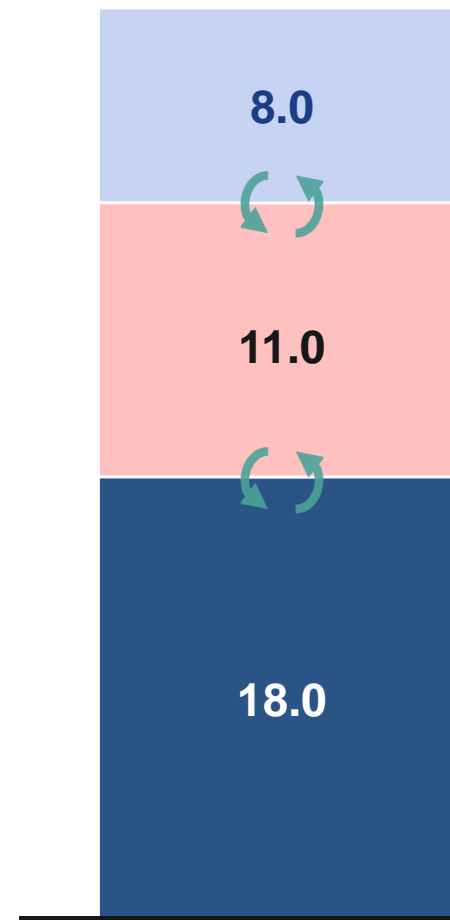
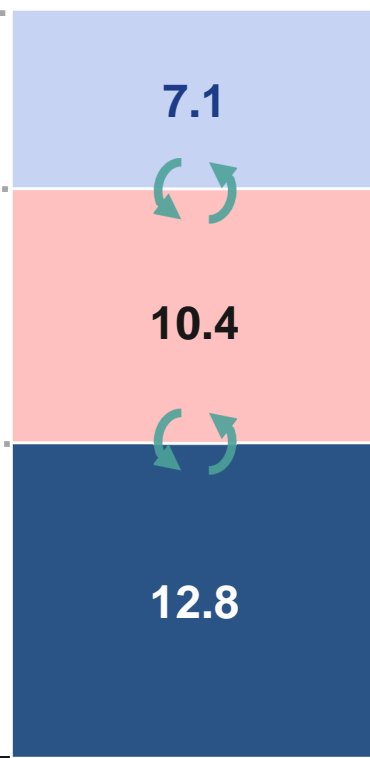
**Total: 30.0**  
(JPY2,939 per share)



- Cash recovered on several projects
- Change in value of holdings +JPY0.23bn

- Slight year-on-year improvement, but below five-year average
- PER: 25x⇒28x

- Fall in iPet share price
- Valuation stable on other business investments



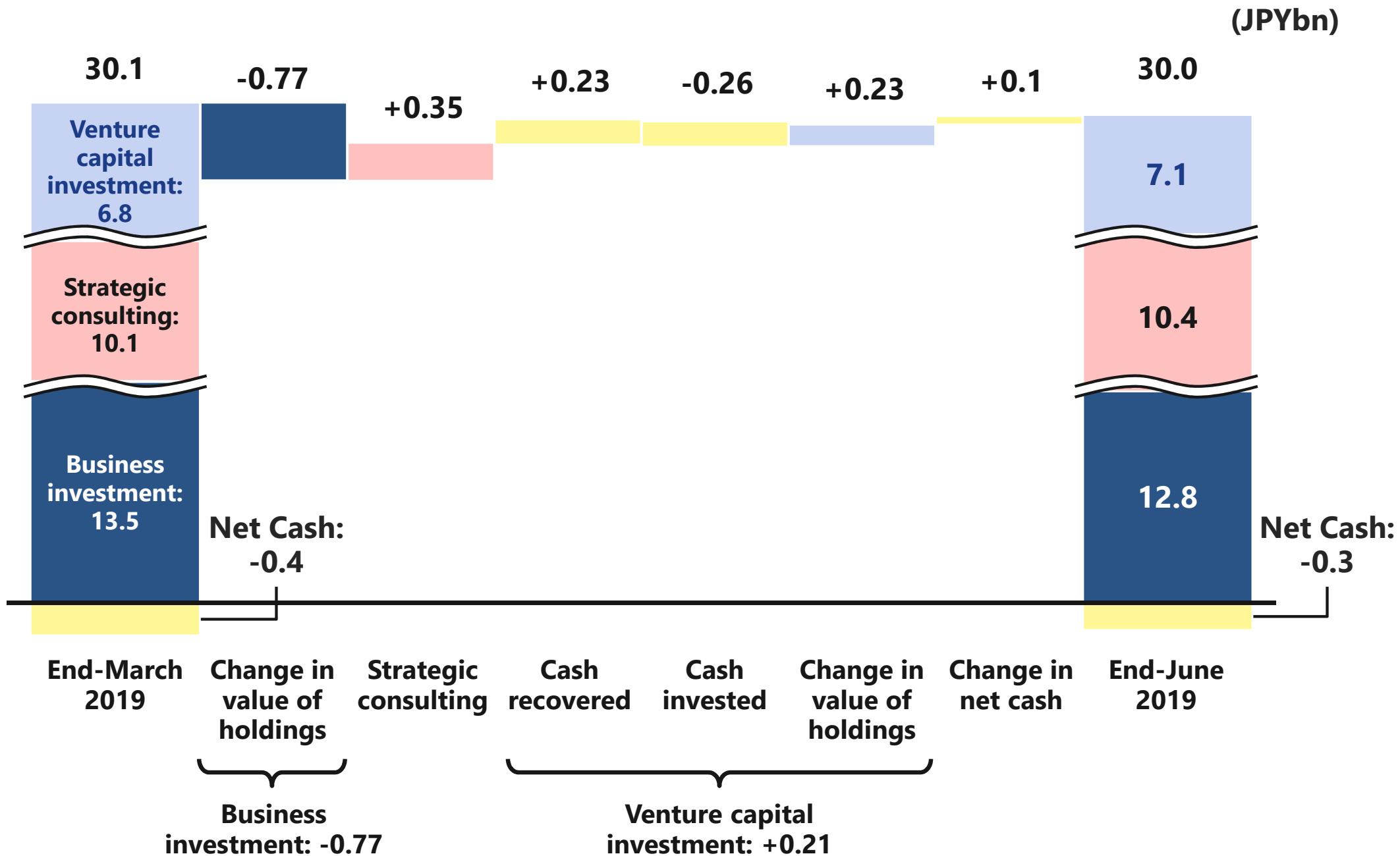
-0.4

-0.3

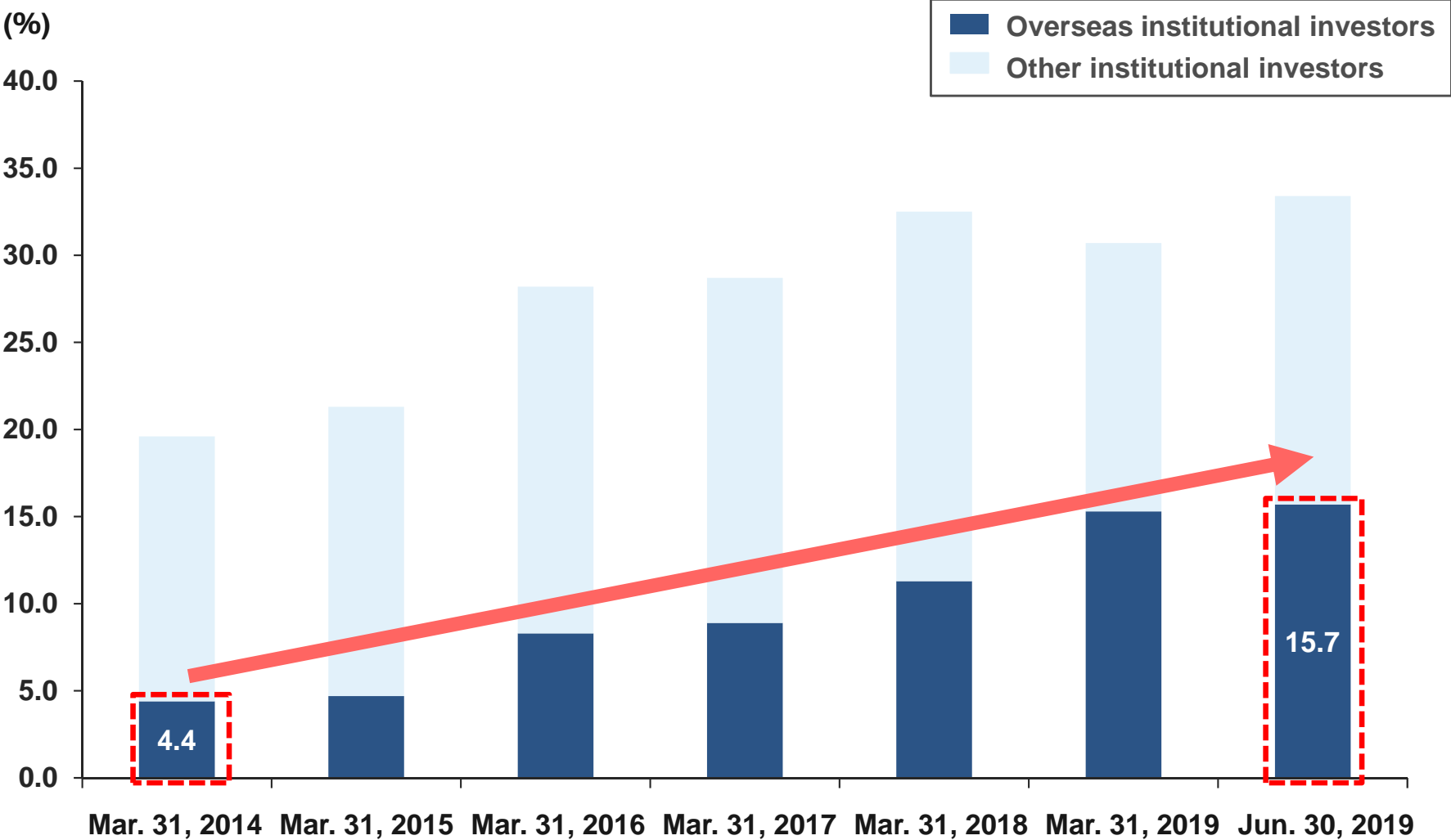
-2.0\*

\* Cash recovered from venture capital investment is incorporated into venture capital investment (light blue).

# Breakdown of Changes in NAV



# Percentage of Institutional Investors (Based on Number of Shares)



## Assessing corporate value with the incremental approach

- **Venture capital investment and business investment:**
  - **Listed companies**
    - **Market capitalization at fiscal year-end x DI's holdings**
  - **Unlisted companies**
    - **Book value of investment at fiscal year-end ± mark-to-market valuation difference**  
(Recent financing prices and third-party transaction prices)
    - **When these prices are unavailable, book value is used without revaluation**
      - **Going forward, we plan to improve the level of precision in valuation.**
- **Strategic consulting:**
  - **Five-year average of profit after taxes x Peer company PER\***

\* The median PER value of peer companies in similar industries as listed on the SPEEDA platform of UZABASE, Inc.

# Disclaimer

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# Dream Incubator Inc.

The Business Producing Company